

Message Text

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PAGE 01 STATE 025162
ORIGIN EA-12

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TO AMEMBASSY SINGAPORE IMMEDIATE

C O N F I D E N T I A L STATE 025162

STADIS////////////////////////////////

EA ONLY

E.O. 11652: GDS

TAGS: ETRD, SN

SUBJECT: TEXT OF MEMCON FOR STR STRAUSS/PM LEE MEETING
OCT 6, 1977

1. TEXT OF PRELIMINARY DRAFT MEMCON OF STRAUSS/LEE MEETING
IS PROVIDED BELOW. PARTICIPANTS INCLUDED PM LEE, MIN GOH,
AMB COOMARASWAMY, AMB HOLDRIDGE AND BOTH STRAUSS AND AMB
WOLFE FROM STR. DRAFT WAS NOT REVIEWED BY STR. BEGIN
TEXT.

STRAUSS: PLEASSED TO HAVE YOU HERE.

LEE: I'M HAPPY TO SEE YOU, ESPECIALLY AT A TIME OF RISING
PROTECTIONIST TENDENCIES. AT THE ASEAN CONSULTATIONS,
RICHARD COOPER SAID THAT THE MTN WOULD BE MORE VALUABLE TO
DEVELOPING COUNTRIES THAN GSP. IF SO, THE OUTLOOK IS
BLEAK. WITH UNEMPLOYMENT OF 6 TO 6 1/2 MILLION, ARE THE
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WESTERN EUROPEANS GOING TO MOVE FORWARD ON MTN?

STRAUSS: IT IS NOT CERTAIN THEY WILL MOVE FORWARD, BUT
THERE IS LIFE IN THE MTN THAT WE BREATHED IN. I AM
CONFIDENT THE MTN WILL BE SUCCESSFUL AND WILL BENEFIT THE
LDC'S. WHEN I ENTERED THIS JOB, I HEARD NOTHING BUT TALK

OF RECESSION, THAT WE CAN'T MOVE FORWARD ON TRADE AGREEMENTS. BUT THIS IS A HOLLOW ARGUMENT. FRANKLIN ROOSEVELT DEVELOPED THE MOST POSITIVE TRADE LEGISLATION THE U.S. EVER HAD WITHIN MONTHS OF BANK CLOSURES. OTHER MAJOR STEPS IN FOREIGN TRADE OCCURRED IN THE LATE 1940'S AND IN 1962 IN THE FACE OF THREATS OF RECESSION. THERE WILL BE A SUCCESSFUL MTN IF I HAVE TO BREAK EVERY BONE FROM THE PACIFIC TO THE ATLANTIC.

LEE: FRENCH PREMIER BARRE HAD NO BROKEN BONES.

STRAUSS: HE GAVE US A STRONG COMMITMENT TO ASSIST US. HE IS FACING ELECTIONS, MANY SENSITIVE AREAS, BUT KNOWS THE NECESSITY OF MOVING FORWARD. BARRE WAS CONSTRUCTIVE AND POSITIVE.

WOLFE: THE CONCEPTS WERE NOT FULLY SPELLED OUT. THE FRENCH BELIEVE THERE SHOULD BE A CRISIS MECHANISM, AND A MULTILATERAL APPROACH TO SAFEGUARDS. WE CAN GET FRENCH AGREEMENT ON A VEHICLE TO WORK OUT PROBLEMS.

STRAUSS: BARRE'S MINISTERS WHO WERE PRESENT WERE NOT THRILLED BY WHAT HE SAID. THE TROUBLE WILL BE AT A LOWER LEVEL, NOT BARRE.

WE NEED YOUR HELP. WE HAVE MUCH IN COMMON AND NEED A CONFIDENTIAL

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PARTNERSHIP. IF THE MTN DOESN'T SUCCEED, YOU ARE IN TROUBLE.

LEE: WE ARE ALREADY IN TROUBLE.

STRAUSS: THERE HAS TO BE GIVE AND TAKE IN SOME AREAS. THE RESULT WON'T BE WORTH AN "A" BUT IT WILL BE A "B". WE CAN SELL IT TO CONGRESS. I SPEND MOST OF MY TIME FIGHTING PROTECTIONISM.

LEE: BUT THE SIGNS ARE DISTURBING. I UNDERSTAND YOUR POSITION ON TEXTILES, ALTHOUGH IT HURTS ALL LDC'S. BUT NOW WE FIND THAT CALCULATORS ARE SENSITIVE, THEN PROJECTORS, THE FRENCH FIND UMBRELLAS SENSITIVE, AND THE DUTCH OBJECT TO ORCHIDS. WHAT NEXT?

STRAUSS: I TRAVEL AROUND THE COUNTRY AND THE WORLD TELLING PEOPLE HOW IMPORTANT TRADE IS. I FEEL WE'RE FIGHTING IT ALMOST ALONE. MEMBERS OF THE EC SUPPORT US, BUT THE PROBLEM IS GETTING HELP WITH LEADERSHIP. I DON'T WANT YOUR SUPPORT; I WANT YOUR LEADERSHIP IN THE PART OF

THE WORLD YOU SPEAK FOR SO ELOQUENTLY. THE PRESIDENT IS COMMITTED TO IT. THIS IS ONE OF THE SUBSTANTIVE THINGS TO BE DONE ON HIS TRIP.

LEE: THE U.S. HAS TO TAKE THE LEAD IN RESISTING PROTECTIONIST FORCES. THE WORLD CAN'T RECOVER AGAINST SOME PROTECTIONISM LIKE IN THE 1930'S.

STRAUSS: I AGREE. I DON'T WANT AN AGREEMENT UNLESS IT IS MEANINGFUL.

LEE: I'M GOING NEXT TO BRUSSELS WHERE I WILL BE SPEAKING WITH EC ON TRADE MATTERS. THE U.S. MUST RESIST PROTECTIONIST MEASURES IN CONGRESS.
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STRAUSS: I HAVE A CONSTITUENCY IN CONGRESS AND WILL USE ALL MY INFLUENCE. THE FILIBUSTER ON ENERGY HELPED US CONTAIN CONGRESSIONAL PRESSURES REGARDING STEEL.

LEE: THE U.S. CAN BE STERN ON TRADE BECAUSE IT HAS MUSCLE. WE MUST BE REASONABLE AND AGREEABLE, APPEAL TO THEIR BETTER NATURE.

STRAUSS: YOU HAVE A MUCH STRONGER ARGUMENT, 2-1/2 BILLION PEOPLE AS POTENTIAL PURCHASERS IN THE PACIFIC BASIN.

LEE: UMBRELLA MAKERS WON'T BE PERSUADED BY THAT. ONLY THE GERMANS UNDERSTAND THE ARGUMENT BECAUSE THEY ARE ACTIVELY COMPETING IN EAST ASIA, BUT THE OTHER EUROPEANS DON'T.

STRAUSS: TRADE MINISTERS WILL UNDERSTAND IF ENLIGHTENED. I WILL TAKE 2-1 ODDS, ONE TEXAS LONGHORN AGAINST YOUR UMBRELLAS THAT THE MTN IS DOABLE BY THE END OF NEXT YEAR. I HOPE WE CAN FULFILL THESE LOFTY VISIONS.

LEE: ON THAT NOTE, LET'S NOT RENEGOTIATE THE TEXTILE AGREEMENT. WE WILL EXERCISE RESTRAINT AND CAN'T HURT YOU.

STRAUSS: OUR REACTION HAS BEEN AS LIGHT AS POSSIBLE. WE HAVE BEEN WORKING HARD IN EUROPE TRYING TO SOFTEN EC PRESSURE.

LEE: COMPARED WITH EUROPE, YOURS HAS BEEN A MODEL OF GOOD BEHAVIOR; DON'T DO OTHERWISE.
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STRAUSS: WE ARE ASKING EC TO FOLLOW OUR MODEL AND NOT GO
BEYOND, SEEKING POLITICAL IMPACT.

WE CAN PROMISE YOU TO DO OUR BEST TO MAKE THE MTN A
SUCCESS. END TEXT.

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NNN

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